

Radical Revamp of State Bureaucracy Schwarzenegger's panel says a restructured government would save \$32 billion in five years.

Senate Barely Passes Budget

By Peter Nicholas and Robert Salladay, Times Staff Writers
LA Times, July 30, 2004

SACRAMENTO - A panel created by Gov. Arnold Schwarzenegger is proposing a top-to-bottom overhaul of state government that would leave virtually no piece of the state's sprawling bureaucracy intact.

It would wipe out more than 100 boards and commissions, consolidate a tangle of state services and give departments fresh mandates in an ambitious bid to make government leaner and improve its performance, according to a copy of a report obtained by The Times.

In the most intimate of ways, the plan would influence how Californians live their lives. It would change the cutoff date for entering kindergarten; the method in which people answer questions on driver's license exams; the size of jackpots collected by lottery winners; and the procedures for officially complaining about a bad haircut.

The sweeping recommendations, which have not yet been embraced by the governor, are expected to become a target for interest groups and to face major obstacles getting through the Legislature.

If enacted, the plan would greatly concentrate power in the governor's hands while saving \$32 billion over the next five years, in the review panel's estimate.

The proposals are spelled out in a 2,547-page report prepared by his California Performance Review, a team of more than 275 specially appointed state employees, administrative officials and outside consultants who have spent the past five months working largely in secret, evaluating California's government as part of the governor's promise to "blow up the boxes" and create a more streamlined bureaucracy.

"California's spirit is alive and well, but in one vital area the state is ailing," reads the report, which is due to be formally released next week. "Once the envy of the nation, today our state government fails the people of California, and it fails the men and women who have given their careers to its service."

Many of the thousands of proposed changes aim to make government more manageable - to logically organize a state bureaucracy that now relies on hundreds of agencies, departments, divisions, boards and commissions, many with duplicative or overlapping jurisdictions.

The plan is certain to face challenges on ideological as well as pragmatic fronts - from appointees who stand to lose power, legislators uncomfortable with the expansion of executive authority, advocates who object to shrinking government and analysts skeptical of the billions in projected savings.

Nothing on this scale has been tried in decades. Paul Miner, Schwarzenegger's deputy Cabinet secretary who is one of the leaders of the California Performance Review, has said there has not been a study this sweeping in scope since one conducted under former Gov. Ronald Reagan in the 1960s.

"None of this will be accomplished . through stopgap measures and half-hearted attempts at coordination," the report reads.

Of 339 boards and commissions, a total of 118 would be abolished - doing away with 1,153 appointed positions.

One example: Tax-collecting powers are now divided among three agencies - the Franchise Tax Board, the independently elected Board of Equalization and the Employment Development Department. All three would be combined into one agency.

The plan is to be formally presented to Schwarzenegger on Tuesday. One recommendation endorsed in the report by the governor's wife, Maria Shriver, would require students at public colleges and universities to participate in community service.

Rob Stutzman, the governor's communications director, said: "What you will see on Tuesday is a report and recommendations, and the administration will be evaluating it and will take public input."

Schwarzenegger has created a 21-person commission that will hold five public hearings on the report throughout the state in August and September. The proposed government reorganization will go to the Little Hoover Commission, which will make recommendations to Schwarzenegger and the Legislature. The governor is expected to send a final version of the plan to the Legislature next year.

"In order for it to get the green light from the Legislature, it's got to be close to perfect," Assembly Speaker Fabian Nuñez (D-Los Angeles) said. "And if it isn't, I think it's going to run into a lot of problems."

Here is what the plan would do in certain areas:

. Transportation, water, energy and housing

A department would be created that controls all decisions about state infrastructure - transportation and housing projects, school construction, energy, telecommunications and the safety of waterways. The Infrastructure Department would consolidate functions now spread across 25 bodies - including Caltrans and the Department of Water Resources.

. **Health and human services**

One of the state's most expensive tasks - \$26.4 billion in public health and welfare programs - would be streamlined, giving more responsibilities to counties and allowing private contractors to conduct work now done by government employees. The report calls for "sweeping change in financing and delivery of healthcare services to children."

County child-support agencies would be eliminated, and private contractors would have to compete with local agencies for contracts to handle 1.8 million cases, the report recommends.

Free food for young mothers through the state-run Women, Infants and Children program, would be distributed through electronic cards instead of vouchers. Welfare and Medi-Cal applications would be processed on the Internet and through the mail.

The changes would move the Department of Managed Care under the authority of a Department of Health and Human Services and would create a Center for Public Health that would centralize planning and risk assessment, including scientists now working for Cal-EPA analyzing the risk of toxic chemicals.

. **Education**

The report says California is paying a high cost by not doing a better job of educating its

workforce. It recommends a wide array of changes to save money. The plan would revise the rule that three of every four community college instructors be full-time. It recommends that teachers of career and technical courses be excluded from that ratio.

The report also urged Schwarzenegger to seek a constitutional amendment to abolish county superintendents of schools and county education boards.

The panel would change the cutoff date for kindergarten from Dec. 2 to Sept. 1, on the theory that children who enter kindergarten before they are 5 do not develop as well. The measure would affect at least 90,000 children.

. State budgeting

All major decisions on managing the state's fiscal affairs would fall under the director of a new Office of Management and Budget - a key recommendation to change a system the commission harshly criticized as inefficient and wasteful. "The governor and the Legislature do not have access to the information necessary to make strategic decisions," the report states.

The key agencies that oversee state finances - departments of Finance, General Services and the state personnel board - "should collectively serve as the backbone of state government, yet the functions they perform are so fragmented that strategic management and efficient operation is currently impossible," the commission concludes.

The commission would replace them with the Office of Management and Budget. It also would oversee technology and regulatory affairs and take over responsibilities of the Department of General Services.

The report also recommends the state budget, which is the subject of acrimonious haggling each year, cover two years - as 21 other states do. The report said the current annual budget "creates great pressures on all budget staff and policymakers" and other problems. "Important state programs are interrupted and services postponed. In addition, small and large businesses alike suffer because the state does not pay its bills on time."

. Law enforcement

The proposal calls for melding dozens of law enforcement agencies and offices sprinkled throughout the bureaucracy into a single department, where, the panel said, a coordinated response to crime, terrorism and natural disasters would provide better protection to the citizens of the state. Included under the umbrella of the new department of Public Safety and Homeland Security would be the California Highway Patrol, Alcoholic Beverage Control enforcement and environmental investigators, among others.

. Environment

The plan creates a new Department of Environmental Protection that would usurp powers now held by various boards, including the Air Resources Board and the Department of Forestry and Fire Protection, which would be abolished.

"The members of these boards and commissions are not accountable to the secretary or the governor. As a result it is difficult to implement a coherent environmental protection policy," the report says about the 16 legislatively created boards and commissions that now regulate the environment.

. Consumer protection

The commission would eliminate dozens of licensing boards that now regulate conduct of

professions such as doctors, dentists and barbers. The licensing responsibilities now split among more than 45 agencies would be assumed by the new Department of Commerce and Consumer Protection.

"The multitude of boards and commissions increases the risk that the board members can be unduly influenced by the industry the board is supposed to regulate, accepting lax standards instead of protecting consumers," the report says.

This new department would also oversee gambling, the lottery and horse racing, eliminating the horse racing board. Almost all functions of the state Department of Motor Vehicles would also be under the new agency. The commission also recommended that drivers be allowed to renew licenses via the Internet.

As proposed, the California Lottery would join with several other states to pool jackpot earnings, such as the Mega Millions lottery shared by 11 states, including New York and Virginia. Jackpots would undoubtedly skyrocket with a state as large and wealthy as California joining the pool. The Mega Millions jackpot, for example, once reached \$363 million.

Report: Bay Area air policy needs reform Big polluters still paying paltry fines for violations, despite efforts by federal regulators, group says

By Douglas Fischer, staff writer

Tri Valley Herald, Thursday, July 29, 2004

California -- and the Bay Area in particular -- has a dismal record when fining refineries, power plants and other large industrial facilities for air quality violations, a report being released today by the Environmental Working Group finds.

Reviewing five years' of violations issued by regional air districts, the Oakland-based group found half the penalties were settled for \$2,000 or less, just one in 52 fines exceeded \$30,000 and a handful of refineries and power plants average one violation or more a month.

Seven years after federal auditors chided California regulators for failing to deter repeat offenders, local regulators haven't fixed the problem, the group reported.

"The numbers present compelling evidence," said Bill Walker, the Environmental Working Group's West Coast vice president.

"When you look at the patterns of fines and the scale of the violations, (the companies) have simply factored these minor fines into the cost of doing business. It's not something they feel a particular urgency to correct," Walker said.

Local air districts, refineries and the U.S. Environmental Protection Agency bristled at the report's conclusions Wednesday. Simply looking at violations

and fines skews the picture, they said. Recent aggressive efforts to prevent problems and accidents have upped the number of small fines and prevented big-ticket violations.

"It doesn't reflect a program that's less proactive," said Jack Broadbent, former chief of the EPA's regional air division who now heads the Bay Area Air Quality Management District. "There's a much more proactive approach to prevent the initial release, which is really what we're all about."

Monitors placed on smoke stacks throughout the region measured 96.8 percent compliance last year, Broadbent noted. "It's a rare instance when we see facilities violating our rules."

But the Environmental Working Group's assessment of air quality violations issued by the state's four biggest regional air districts found essentially the same enforcement patterns and problems reported by U.S. EPA auditors in 1997, a similar Working Group report in 1999, and the California Legislative Analyst's office in 2001.

After each "public scolding," Walker said, regional and state air regulators argued the enforcement record was improving. Data from the last five years, he said, shows otherwise.

Half of all civil penalties in the state's four most populous air districts from January 1999 to March 2004 were resolved for \$2,000 or less. The median fine -- the level with an equal number of fines above and below -- for the Bay Area was even lower at \$1,450.

During that period -- and excluding two exceptionally large fines in the South Coast Air Quality Management District that group applauded -- the districts settled 2,370 penalties for about \$11 million.

Companies continue to rack up violations, particularly in the Bay Area. ChevronTexaco's Richmond refinery had 123 violations from 1999 to 2004. Shell Oil's Martinez refinery had 122. The two lead the state in overall violations.

Big companies are paying a pittance compared to their income.

Looking at just refinery violations, for instance, the Bay Area and South Coast air districts have collected \$5.7 million for air quality violations from eight major oil companies -- ChevronTexaco, ExxonMobil, Shell, Conoco, BP, Tesoro, Valero and Unocal. Those eight companies reported an average net income in 2003 of \$4.38 billion.

The fines, Walker said, represent half the daily income of each company, on average.

Also telling, Walker said, are the number of fines exceeding \$30,000. When EPA auditors examined the state's books in 1997, only one in 54 exceeded \$30,000, a ratio they found low.

Today that ratio, based on five years' worth of fines, is one in 52.

"The impact is like raising bridge tolls from \$2 to \$3," said Walker. "We may not like it. It's a minor inconvenience. But it doesn't change the number of times we drive back and forth across the bridge."

District works to meet air standards

San Joaquin Valley must create two plans using different rules for cleaning the air

By Dave Myhra - San Joaquin bureau
Tri Valley Herald, Thursday, July 29, 2004

The San Joaquin Valley Air Pollution Control District must come up with two plans for cleaning up the air, using two different standards, in the next three years.

The two standards measure the ozone levels over different amounts of time. The old way, which remains in effect, measures ozone for an hour, while the new standard measures it over an eight-hour period.

The district has to develop a plan to meet the one-hour standard by the fall. That plan must bring the air down to healthy levels by 2010.

Because the one-hour ozone standard will only remain in effect until June 15, 2005, that plan will be used to meet the more stringent requirement.

"We'll take that plan and use it for the eight-hour standard," said Don Hunsacker, district planning supervisor.

In June, the U.S. Environmental Protection Agency adopted the more stringent eight-hour standard. This standard must be met by 2013, and a plan to meet that deadline must be submitted to the EPA by 2007.

The eight-hour standard is more protective of public health because it measures over a longer period of time.

And exposure to lower concentrations of ozone over a long period of time is more harmful than short-term exposure, according to the EPA.

As of now, both standards are in effect.

The difference in the newly adopted, more sensitive, standard already can be seen.

While only one violation of the one-hour ozone standard has been recorded so far this summer, the air quality district is still recording violations of the eight-hour standard, Hunsacker said.

The district doesn't know if it can meet the eight-hour standard by the 2013 deadline. It has looked at studies done by different agencies and the task looks daunting, Hunsacker said.

To come into compliance, "we would have to reduce our emissions inventory by 80 or 90 percent," Hunsacker said.

An emissions inventory includes all the various pollution sources within the district, including cars, factories and solvents.

The problem is that the district only controls 25 percent of the total inventory, Hunsacker said.

It doesn't have control over car emissions, for example.

If the eight-hour plan, which the district will begin working on after the one-hour plan is complete, shows that attainment cannot be achieved by 2013, the district may have to request a higher air classification.

Right now, air in the valley is at serious non-attainment, two levels below Los Angeles. If the district upgrades to severe non-attainment or higher, it will have more time to bring ozone levels down.

Not achieving attainment in the allotted time could result in loss of highway funds.

California love cars, clean air

By Greg Schneider, The Washington Post

Published in the Modesto Bee, Friday, July 30, 2004

California loves cars, with more on the road than anywhere else in the country. But the state where the Beach Boys wrote odes to the "Little Deuce Coupe" and "409" struggles to balance romance with environmental responsibility. Now state regulators have a new clean-air guideline that has automakers howling.

The state wants to cut vehicles' output of carbon dioxide by 30 percent over the next decade, limiting a major greenhouse gas thought to contribute to global warming. It's the first U.S. attempt to address the controversial issue through car emissions. Automakers say it could boost car and truck prices nationwide without producing much benefit.

Unlike other engine emissions, carbon dioxide can't be filtered away. The only way to cut it back is to improve efficiency -- increasing the car's gas mileage.

Regulators estimate that achieving their goal would cost \$1,000 per vehicle. Carmakers say that figure is low.

"We would ... consider it one of the most, if not the most, comprehensive and costly environmental programs that's ever been adopted -- not just by California, but by anyone," said John M. Cabaniss Jr., director of environment and energy at the Association of International Automobile Manufacturers, a trade group representing 17 companies.

Automakers say the proposed regulation pushes technology further than currently possible and have threatened to sue over what they say is California's attempt to usurp the federal government's authority to set fuel efficiency standards. The state views it as an emissions issue, which is under California control, even though the proposed standards would force cars and trucks to get better gas mileage.

The stakes are high, not only because California accounts for roughly 12 percent of cars and trucks on the road in the United States, but also because it is the cradle of American car culture.

California leads, others often follow

From drive-ins to hot rods, from freeways to movie chase scenes, California has long set the pace for how the country relates to its automobiles.

New York, New Jersey and five New England states have auto emissions guidelines modeled on California's and could copy the current action.

"Because (California tends) to set the pattern for pollution rules nationwide, I suspect more than just the seven (other) states would adopt it," said Dan Becker of the Sierra Club, which has lobbied for the new standards.

In the 1990s, the state almost single-handedly began an electric car craze by threatening to require automakers to sell large numbers of vehicles with zero emissions of smog-causing hydrocarbons. The industry persuaded the state to loosen its rules. California's retreat killed the prospects of electric cars among big automakers, but created a generation of lower-emission vehicles.

Automakers don't like what they read

The latest battle stems from a state law passed last year and signed by Gray Davis, who was governor at the time, calling for the California Air Resources Board to set standards that reduce cars' output of carbon dioxide. It could go into effect by the end of 2005.

In the meantime, the auto industry has been devouring a draft version of the regulation released last month. The proposal, nearly 200 pages long, says manufacturers can achieve the reductions using current technologies, such as turbochargers to make small engines more powerful, making car bodies aerodynamic and offering gas-electric hybrids such as the Toyota Prius.

Carmakers say the conclusions are unrealistic. "There is a huge gap between what can feasibly be accomplished today and what the staff draft has proposed," said Dave Barthmuss, a spokesman for General Motors.

It's time to act to keep air clear

Now is the time for all Valley residents ... to do their part to keep the air breathable on days when the smog becomes unbearable.

As threat of smoggier days looms, residents should learn simple steps to battle pollution

[Madera Tribune editorial, Friday, July 30, 2004](#)

It's been a fairly clean summer for Merced's polluted air basin. That's the good news.

But August, according to air quality experts, may be just the opposite. That's the bad news.

Now is the time for all Valley residents to get ready to do their part to keep the air breathable on days when the smog becomes unbearable.

Thankfully, that hasn't been a problem so far. "Spare the Air" days have been avoided this summer. At this time last year, the San Joaquin Valley Air Pollution Control District had logged 20 such polluted days between June 6 and July 28.

Valley air district officials attribute much of the change to higher gas prices. While that's certainly an unanticipated positive byproduct of a negative situation, it's not a result of action taken by people specifically to clear the air. That's disappointing.

Merced continues to have one of the highest rates of childhood asthma in the country. Statistics show that more than 17,000 people in Merced and Mariposa counties have asthma, of whom 7,000 are children. Do we want this scourge to continue? If so, we should just continue to go about our business and pollute as we do now.

But what can you do to clean the air? There are a number of simple steps everyone can take. If you do just one, it can make a significant difference.

Take barbecue grills, for example. Did you know that the ones that burn charcoal add far more pollution to the environment than do those that use propane? Why not upgrade to a propane grill?

All of us have unfortunately caught a whiff of the exhaust from a lawn mower. Why not use an electric version? Incentives are available for those who want to convert to a mower that pollutes less.

Walking instead of driving also is a good idea. Carpooling is just as good. Plus, these two activities save money and the former helps keep you in shape.

If each person does something, the net result will be a healthier climate. And that's worth it, we think.

Our views in brief

Budget has breaths of fresher air

[Fresno Bee editorial, July 30, 2004](#)

The new state budget includes a very welcome \$33.9 million for the Carl Moyer Program, which helps farmers and others replace older, dirtier diesel engines -- mostly used to pump irrigation water -- with newer, cleaner versions.

The program has helped replace nearly 1,600 dirty engines since it began in 1998.

The state has also made a commitment, for the first time, to permanently fund the Moyer program. That's also welcome news. The Valley's air, by some measures, is the most polluted in the nation. That affects us all -- especially children.